



Who Is for or Against Delaying Retirement Until 70?

Description

The global pandemic changed the way people live and work. COVID-19 had financial repercussions but the timely intervention of the federal government through income support packages helped Canadians endure the health crisis. While coronavirus has been significantly contained, economic uncertainties remain due to rising inflation and geopolitical tensions.

Among the group that faces financial risks are soon-to-be retirees. In Canada, the public retirement programs are the Old Age Security (OAS) and Canada Pension Plan (CPP). The former is a flat-rate benefit, while the latter is earnings based. Both pensions peg the standard retirement age at 65.

However, despite the guaranteed incomes for life, many retiring Canadians have one question in mind. Should I start pension payments at 65 or delay them until 70? If you have the same dilemma, weigh your options carefully before making a firm decision. The OAS and CPP pensions might not be enough to [live comfortably in retirement](#).

More years to enjoy

Barring any health issues, retiring at 65 is most ideal, because there'll be more years to enjoy your retirement. The CPP is available as early as 60, although it's a disincentive, since the pension amount reduces permanently by 36%. Assuming you start OAS and CPP payments simultaneously at 65, the combined monthly benefit amount is \$1,428.49.

I picked up the average monthly CPP amount (\$779.32 as of January 2022) instead of the maximum (\$1,253.59) for conservative purposes. The maximum monthly OAS payment from April to June 2022 is \$648.67. If you don't have other investments and can live on \$17,141.88 annually, there should be no reason to delay retirement.

Financial incentive

Delaying the OAS and CPP until 70 is an inexpensive way to boost retirement income. Canadian

seniors who defer payments are mostly in excellent healthy and with no urgent financial needs. The reward for waiting five years is an additional \$561.05 every month.

Because the OAS and CPP payments will increase by 36% and 42%, the estimated combined annual pension would be \$23,874.43. More often than not, the financial incentive is the primary reason for deferring pension payments. However, is the sacrifice and economic gain for late retirement worth it?

Create pension-like income

The OAS and CPP are foundations in retirement, not a plan. Fortunately for prospective retirees, [voluntary private savings plans](#) are available. Purchase blue-chip stocks to hold in the investment accounts to create a third income source.

BCE ([TSX:BCE](#))([NYSE:BCE](#)), Canada's largest and most dominant telco, is a reliable income provider. Because of its high yield (5.02%) and excellent dividend track record (140 years), you can invest in the 5G stock without hesitation. The \$66.69 billion industry leader earns billions of dollars in profits annually.

At \$73.28 per share, you'd be on track to secure your future financial health. More importantly, the extra income will enable you to maintain your current lifestyle or close to it during the sunset years. BCE is one of [four brilliant dividend stocks](#) you can buy and hold forever.

Retirement readiness

Whether you claim the OAS and CPP at 65, 70, or within the normal age range (60 to 70), the pensions might not be enough. A solid retirement plan will dictate your retirement readiness.

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